

Opening Statement of Chairman Davis
Committee on Government Reform
“Budget Autonomy for the District of Columbia: Restoring Trust in Our Nation’s Capital”
June 13, 2003, 10:00 a.m., Room 2154 Rayburn House Office Building

Good morning. I would like to welcome everyone to today’s hearing to discuss options for expediting congressional consideration on the District of Columbia’s local budget. After issuing six consecutive balanced budgets, receiving clean, unqualified financial audits and building up a general surplus and cash reserves of over a billion dollars, I believe the time has come for Congress to consider relaxing some of its oversight controls over the Nation’s capital.

The District of Columbia government has come a long way since March of 1995, when this Committee issued a report declaring that “the District of Columbia is insolvent: the city does not have enough cash to pay its bills. It is spending at a rate in fiscal year 1995 that would exceed its mandated expenditure limits by more than \$600 million, nearly 20 percent above its congressional appropriation.”

Through legislation written in 1995 by me, along with Representative Eleanor Holmes Norton, called the District of Columbia Financial Responsibility and Management Assistance Act, Congress established a Financial Control Board and a Chief Financial Officer essentially to take over city operations until the District could stand on its own. I am pleased to say that, at a time when most municipalities throughout the country are resorting to massive budget cuts in order to balance their budgets, the District has managed to stay its course of relative financial stability.

Now, after six years of governance under the Financial Control Board and two years in a fairly stable post-Control Board environment, it is time for Congress to reconsider its oversight of the District. Every year, the District submits its roughly \$5.8 billion budget of locally raised funds to be approved by the United States Congress in conjunction with the approximately \$500 million in federal contributions that Congress appropriates to the District annually. While Congress’s involvement in the District’s budget matters is the result of Congress’s responsibility to ensure the financial well being of our Nation’s capital, the unfortunate reality is that the city’s local budget can get tied up in political stalemates over congressional appropriations that rarely have anything to do with the District’s budget.

We are here today to discuss how to develop legislation that would allow the District to submit its local budget to Congress for congressional review and consideration under an

expedited review process that would ensure that the District can begin utilizing the next fiscal year's funds when the fiscal year begins. I would also like to discuss with the witnesses how they envision the expedited congressional consideration of the local budget would work. For example, what timelines are appropriate for the submission of the local budget to the Congress? How much say, if any, should the Congress have in the District's budget decisions?

Unlike states, which must first liquidate all assets before turning to the federal government for financial assistance, the federal government is directly responsible for the financial well being of the District of Columbia. Therefore, this legislation must protect Congress's right to intervene with local spending decisions when necessary. Congress will continue to have the constitutional responsibility to make sure the District does not return to the days of fiscal crisis.

The federal government will still be responsible for enacting an annual D.C. appropriations bill to fund criminal justice and defender supervision functions, courts and tuition assistance, so Congress will still be intimately involved in the District's operations. In addition, budget autonomy would be rescinded should the District trigger one of the "seven deadly sins" that would trigger the reinstatement of a DC Financial Control Board.

Now that I have laid the general outline of the proposal that we are discussing here today, I would like to recognize other Members of the Committee for their opening statements and then turn to the witnesses for their comments. I welcome the witnesses to today's hearing and I look forward to their testimony.

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